

TOWN OF SMYRNA

REQUEST FOR PROPOSAL

FOR

PROFESSIONAL AUDITING SERVICES

Gary Stulir, Town Manager
Smyrna, Delaware

TOWN OF SMYRNA
REQUEST FOR PROPOSAL
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TOWN OF SMYRNA REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The TOWN OF SMYRNA is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the next three fiscal years with the possibility of two one-year extensions. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*, the provisions Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, and *Audit Requirement for Federal Awards* (Uniform Guidance) , and the State of Delaware and applicable State and Local laws.

There is no express or implied obligation for the TOWN OF SMYRNA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

The Town's Audit Committee will evaluate proposals submitted. The final selection will be made by the Town Council.

During the evaluation process, the Town's Audit Committee and the TOWN OF SMYRNA reserve the right, where it may serve the Town of Smyrna's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the TOWN OF SMYRNA or the Town's Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The TOWN OF SMYRNA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the TOWN OF SMYRNA and the firm selected.

It is anticipated the selection of a firm will be completed by November 4, 2019. Following the notification of the selected firm it is expected a contract will be executed between both parties by November 15, 2019.

B. Term of Engagement

A three-year contract, with the possibility of two additional one-year extensions, is contemplated, subject to the annual review and recommendation of the Town's Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both the TOWN OF SMYRNA and the selected firm), and the concurrence of the Town Council.

II. NATURE OF SERVICES REQUIRED

A. General

The TOWN OF SMYRNA is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the next three years, with the possibility of two one-year extensions, beginning with the year ending December 31, 2019. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The TOWN OF SMYRNA desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with accounting principles generally accepted in the United States.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by auditing standards generally accepted in the United States.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with:

Auditing Standards Generally Accepted in the United States, as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standard*, and the provisions set forth in the Uniform Guidance.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards and schedule of state financial assistance.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
3. A report on compliance and internal control over compliance applicable to each major federal program.

In the required reports on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls.

The reports on compliance and internal controls shall include all instances of noncompliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal or indications of illegal acts of which they become aware to the Smyrna Town Council.

E. Special Considerations

1. The TOWN OF SMYRNA has received the Certificate of Achievement for Excellence in Financial Reporting for four consecutive years. The CAFR for each of the fiscal years covered by this RFP will be submitted to the Government Finance Officers Association of the United States and Canada for consideration for the certificate. It is anticipated that the auditor may be required to provide special assistance to the TOWN OF SMYRNA to meet the requirements of that program.
2. The TOWN OF SMYRNA currently anticipates it will prepare one or more official statements in connection with the sale of debt securities, which will contain the general purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."
3. The TOWN OF SMYRNA has determined that the United States Department of Agriculture will function as the cognizant agency in accordance with the provisions of the Uniform Guidance.
4. The Schedule of Expenditures of Federal Awards on compliance and internal controls is to be issued as part of the comprehensive annual financial report.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three years, unless the firm is notified in writing by the TOWN OF SMYRNA of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

TOWN OF SMYRNA

U.S. Department of Agriculture

U.S. General Accounting Office (GAO)

Parties designated by the federal or state governments or by the TOWN OF SMYRNA as part of an audit quality review process

Auditors of entities of which the TOWN OF SMYRNA is a subrecipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons

The auditor's principal contact with the TOWN OF SMYRNA will be Gary Stulir, Town Manager/Chief Financial Officer, (302) 653-9231 or a designated representative, who will coordinate the assistance to be provided by the TOWN OF SMYRNA to the auditor.

The firm shall submit and meet with Town's Audit Committee prior to issuance of the final audit report. And provide weekly updates of audit status.

B. Background Information

The TOWN OF SMYRNA is one of the oldest Town's in Delaware with a population of approximately 11,500. The TOWN OF SMYRNA's fiscal year begins on January 1st and ends on December 31st.

The TOWN OF SMYRNA provides the normal range of governmental services to include police services, recreational services, planning, zoning and code enforcement to its citizens. In addition, the TOWN OF SMYRNA includes activities such as water/sewer and electric in the enterprise activities.

More detailed information on the government and its finances can be found in the Annual Budget and the CAFR. These documents are available on the Town’s web site www.smyrna.delaware.gov.

C. Budgetary Basis of Accounting

The TOWN OF SMYRNA prepares its budgets on a basis consistent with generally accepted accounting principles.

D. Pension Plans

The TOWN OF SMYRNA maintains two pension plans. The City Employee and Police Pension Plans include contributions from employees as well the Town of Smyrna.

E. Computer Software

Sungard Public Sector NavaLine for Financial Reporting and Utility Billing. It uses the IBM iseries platform.
<http://www.sungardps.com/solutions/naviline/>

F. Availability of Prior Audit Reports and Working Papers

We have published our all of our annual reports at the following website:
<https://smyrna.delaware.gov/departments/Finance> The TOWN OF SMYRNA will use its best efforts to gather requested supporting working papers to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	September 6, 2019
Due date/time for proposals	2 p.m., October 8, 2019

B. Notification Date

Selected firm notified

November 4, 2019

C. Date Audit May Commence

January 2, 2020

The TOWN OF SMYRNA will have all records ready for audit and all management personnel available to meet with the firm's personnel as of the week of March 20, 2020.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

The Financial Services staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. In addition, the following will also be performed:

1. Preparation of the confirmations and lead schedules.
2. Assistance in providing paid invoices, cancelled checks and other supporting documentation as requested by the firm.
3. Year-end closing of the books of account and preparation of necessary adjusting journal entries.
4. Preparation of schedules and related materials as requested by the firm.
5. Preparation of all financial statements including related notes and required supplemental financial information.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals shall be directed in writing to:

Gary Stulir, Town Manager/Chief
Financial Officer
Town of Smyrna
27 South Market Street
Smyrna, DE 19977
(302) 653-9231

Inquiries must reference the proposal item and the date of the proposal opening and must be received at least ten (10) days prior to the proposal opening. Interpretations will be made in the form of an addendum with copies mailed or delivered to each party who has received copies of the proposal. No other verbal or written information, which is obtained other than through this Request for Proposal or its addenda, shall be binding on the Town of Smyrna.

2. Submission of Proposals

The format and information content of the proposal must be consistent with the following and the proposal must be date stamped by the Town of Smyrna and received by 2:00 p.m. October 8, 2019 for the proposing firm to be considered:

a. Ten (10) copies to include the following:

i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

- b. Proposers should send the completed proposal to the following address:

Gary Stulir, Town Manager/Chief
Financial Officer
Town of Smyrna
27 South Market Street
Smyrna, DE 19977
(302) 653-9231

B. Technical Proposal

1. General Requirements

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the TOWN OF SMYRNA in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The proposal should address all the points outlined in the request for proposals. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 7 must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the TOWN OF SMYRNA as defined by the U.S. General Accounting Office's *Government Auditing Standards*. In addition, the firm should provide an affirmative statement that it is independent of the component units of the TOWN OF SMYRNA as defined by those same standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the TOWN OF SMYRNA or any of its agencies for the past five (5) years,

together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. License to Practice in Delaware

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Delaware.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report of its most recent peer review, including Letter of Comments, if any, with a statement whether that quality control review included a review of specific Government Engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Delaware. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the

past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

6. Prior Engagements with the TOWN OF SMYRNA

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the TOWN OF SMYRNA by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

VII. EVALUATION PROCEDURES

A. Audit Committee

Proposals submitted will be evaluated by the Town's Audit Committee, and their recommendation is subject to review and approval of the Town Council.

B. Review of Proposals

Proposals will be evaluated using the criteria listed below. Firms meeting the mandatory criteria will have their proposals evaluated and scored. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Delaware and maintains or will obtain a TOWN OF SMYRNA business license and adhere to the Town's Earned Income Tax regulations.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the Town of Smyrna.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its most recent peer review report including Letters of Comment, if any.

2. Technical Quality:

Each of the proposers who have satisfied the mandatory elements will be evaluated on the following criteria.

	Point <u>Range</u>
a. <u>Expertise and Experience</u>	
(1) The firm's past experience and performance on comparable government engagements	0 - 30
(2) The quality (including continuing professional education) of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation	0 - 30
b. <u>Audit Approach</u>	
(1) Adequacy of audit approach	0 - 25
(2) Approach to the management letter	0 - 10

(3)	Familiarity with the Certificate of Achievement in Financial Reporting	<u>0 - 5</u>
	Total Technical Points	<u>100</u>

The TOWN OF SMYRNA reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Oral Presentations

During the evaluation process, the Town's Audit Committee, at their discretion, may request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Finance and Audit Committees may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection Determination

Proposals submitted will be evaluated by the Town's Finance and Audit Committees and presented to the Town Council. The top ranked proposals may be submitted to the Town Council for review.

It is anticipated that a firm will be selected by November 4, 2019. Following notification of the firm selected, it is expected a contract will be executed between both parties by November 15, 2019.

Disadvantaged Business Enterprises will be afforded full opportunity to submit proposals and will not be subject to discrimination on the basis of race, national origin, religion or sex in consideration of this award.